

**EIGHTY-FIFTH GENERAL ASSEMBLY
2013 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

MARCH 28, 2013

SENATE FILE 339

H-1220

1 Amend Senate File 339, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 1, line 5, by striking <regularly>
4 2. Page 1, line 9, by striking <and> and inserting
5 <and or>
6 3. Page 1, line 13, by striking <regularly>
7 4. Page 1, by striking lines 22 through 24 and
8 inserting <inspection in accordance with section
9 321.374, subsection 2.>
10 5. Page 1, line 25, by striking <regularly>
11 6. Page 1, line 27, by striking <each> and
12 inserting <each a vehicle passes its>
13 7. Page 1, line 32, by striking <regularly>
14 8. Page 2, line 2, by striking <regularly>
15 9. Page 2, after line 3 by inserting:
16 <Sec. ____ . Section 285.8, subsection 9, Code 2013,
17 is amended to read as follows:
18 9. Establish a fee for conducting ~~school bus~~
19 vehicle inspections and subsequent inspections in
20 accordance with subsection 4 and issuing school bus
21 driver authorizations in accordance with section
22 321.376, which shall not exceed the budgeted cost
23 for conducting inspections and administering
24 authorizations.>
25 10. Page 2, line 6, by striking <regularly>
26 11. Page 2, by striking lines 10 and 11 and
27 inserting:
28 <b. Vehicles used to transport ten or fewer
29 children in case of an emergency.>
30 12. Page 2, by striking line 17 and inserting:
31 <f. Privately owned vehicles used to transport
32 children to or from before and after school programs,
33 summer programs, and child care programs if such
34 programs are not operated by a school district.>
35 13. Page 2, line 21, by striking <regularly>
36 14. Page 2, line 34, before <No> by inserting <1.>
37 15. Page 2, line 35, by striking <regularly>
38 16. Page 3, line 7, by striking <regularly>
39 17. Page 3, by striking lines 12 through 17 and
40 inserting <affixed to the lower right hand corner of
41 the windshield.
42 2. A vehicle used as a school bus or vehicle
43 otherwise used to transport children that does not pass
44 an inspection and receives an out-of-service violation
45 in such inspection shall be subject to a subsequent
46 inspection within no more than thirty days. A vehicle
47 that does not pass a subsequent inspection and receives
48 an out-of-service violation in such inspection shall
49 be removed from service until such time as the vehicle
50 passes an inspection. The state board of education

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1 shall establish by rule a procedure for returning
2 such vehicles to service. The board shall define
3 out-of-service violations by rule. Such definitions
4 shall include any deficiency under which operation of
5 a vehicle would create an immediate risk to the safety
6 of the driver, passengers, or the general public. The
7 department of education shall include in its vehicle
8 maintenance and inspection manual procedures for
9 inspections of vehicles otherwise used to transport
10 children, the procedure for returning vehicles
11 to service, and the definitions of out-of-service
12 violations.>

13 18. Page 3, line 21, before <A> by inserting <1.>

14 19. Page 3, line 24, by striking <regularly>

15 20. Page 3, after line 29 by inserting:

16 <2. An individual who knowingly falsifies an
17 inspection record for a school bus or vehicle otherwise
18 used to transport children that is subject to an
19 out-of-service violation as defined by the state board
20 of education commits a simple misdemeanor.>

21 21. Page 3, line 33, by striking <regularly>

22 22. By renumbering, redesignating, and correcting
23 internal references as necessary.

COMMITTEE ON EDUCATION

JORGENSEN of Woodbury, Chairperson

H-1220 FILED MARCH 27, 2013

SENATE FILE 427

H-1221

1 Amend the amendment, H-1218, to Senate File 427,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, by striking lines 5 and 6.

5 2. Page 1, by striking lines 7 through 9 and
6 inserting:

7 <____. Page 3, line 25, by striking <The board>
8 and inserting <Consistent with fire safety rules and
9 standards promulgated by the state fire marshal, the
10 board>>

11 3. Page 1, by striking lines 10 through 13.

12 4. Page 1, by striking lines 15 through 17 and
13 inserting <board shall work in consultation with the
14 state fire marshal to ensure that proposed amendments
15 do not conflict with the fire safety rules and
16 standards promulgated by the state fire marshal.>

17 5. Page 1, by striking lines 32 through 35 and
18 inserting:

19 <Sec. _____. ADMINISTRATIVE RULES. The department
20 shall adopt all initial rules, and amendments to
21 existing rules, necessary for the implementation of
22 this Act.>

By PETTENGILL of Benton

H-1221 FILED MARCH 27, 2013

Fiscal Note

Fiscal Services Division



HF 576 – Iowa Finance Authority Policies (LSB 2116HV)

Analyst: Kenneth Ohms (Phone: (515) 725-2200) (kenneth.ohms@legis.iowa.gov)

Fiscal Note Version – New

Requested by Representative Sharon S. Steckman

Description

House File 576 eliminates the Iowa Jobs Board and transfers the duties and responsibilities of the Board to the Iowa Finance Authority (IFA). This Bill renames the Title Guaranty Program the Iowa Title Guaranty Program. This Bill also makes statutory changes relating to the general powers and bond issuance activity of the IFA including but not limited to the following:

- Removing the cap on limiting any one project from receiving more than \$10.0 million of the Private Activity Bond Cap.
- Allowing the IFA to contract directly with a variety of professional services.
- Designating the IFA as the governmental unit that can conduct public hearings required by section 147(f) of the federal Internal Revenue Code.
- Exempting interest earnings on all bonds issued related to the Single Family and Multifamily Programs from Iowa income tax making them “double-exempt.”
- Allowing the IFA to issue bonds for projects outside Iowa if at least 50.0% of the financing for the program is used within Iowa and the IFA has determined that the entity financing the project maintains a presence in Iowa and financing the property outside Iowa will benefit the State.
- Consolidating the Senior Living Revolving Fund, Home and Community-Based Services Revolving Loan Fund, and the Transitional Housing Revolving Loan Program Fund into a new fund titled the Special Projects Revolving Loan Fund.

Background

Income from bond interest related to the Single Family and Multifamily Programs is currently subject to Iowa income tax. These bonds are exempt from federal income tax. The table below represents bonds the IFA has issued related to these programs over the past 10 years.

IFA Historical Single Family and Multifamily Bond Issuance (Dollars in Millions)			
	Fixed Rate Bonds	Variable Rate Bonds	Total
FY 2003	\$ 88.8	\$ 31.3	\$120.00
FY 2004	75.0	15.0	90.0
FY 2005	105.5	61.0	166.5
FY 2006	168.0	72.0	240.0
FY 2007	150.5	0.0	150.5
FY 2008	120.1	42.6	162.7
FY 2009	35.1	17.3	52.5
FY 2010	56.0	0.0	56.0
FY 2011	20.8	0.0	20.8
FY 2012	44.0	0.0	44.0
FY 2013	20.0	0.0	20.0

Assumptions

- Excluding bonds already issued, the IFA will not issue bonds in the retail market related to the Single Family and Multifamily Programs in 2013 or 2014.
- Due to historical fluctuations, the number of Single Family and Multifamily Program bonds issued by the IFA cannot be predicted.
- Of the current bonds and notes issued by the IFA related to the Single Family and Multifamily Programs, a total of 9.0% are owned by individuals or entities subject to the Iowa income tax.
- Future bonds issued will be purchased by different types of taxpayers in the same ratio as estimated historically.
- The interest rate on future bonds issued will equal the 20-year municipal bond interest rate of 4.0% forecasted by Moody's Analytics in February 2013.
- Bond holding periods will exceed five years, with bond interest payments made to taxpayers in each year of the analysis beginning with the year of issuance.
- Tax year liability on interest income is met 30.0% in the same fiscal year as the tax year and 70.0% in the following year, based on the timing of estimate payments.
- Unobligated funds appropriated from the Revenue Bonds Capitals (RBC) Fund in FY 2010 will revert to the RBC Fund at the end of FY 2013.
- Unobligated funds and outstanding loans in the Senior Living Revolving Fund, Home and Community-Based Services Revolving Loan Fund, and the Transitional Housing Revolving Loan Program Fund will transfer to the new Special Projects Revolving Fund.
- This Bill takes effect July 1, 2013.

Fiscal Impacts

Fiscal impact to other funds

- On July 1, 2013, \$1.1 million will revert to the RBC Fund.
- On July 1, 2013, \$5.5 million from the Senior Living Revolving Fund, Home and Community-Based Services Revolving Loan Fund, and the Transitional Housing Revolving Loan Program Fund will transfer to the new Special Projects Revolving Fund. Additionally, \$6.2 million in outstanding loans from these three funds will be assigned to the Special Projects Revolving Fund.

Fiscal impact to the State General Fund

The Iowa income tax exemption for the Single Family and Multifamily Programs will decrease potential future General Fund revenue. Using the assumption that the IFA will not issue Single Family and Multifamily Program bonds in 2013 or 2014, there will be no impact to State General Fund revenue in FY 2014 or FY 2015. Once bonds are issued with tax exempt status, for every \$10.0 million of Single Family and Multifamily Program bonds issued by the IFA in the future, there is a potential Iowa income tax revenue loss of \$2,000 to \$22,000 depending on the tax status of the bondholders.

This Bill does not explicitly state whether the Iowa income tax exemption for the Single Family and Multifamily Programs is retroactive to current issues. If applied retroactively, the potential impact on net State General Fund revenue by fiscal years is presented in the following table.

Fiscal Impact by Fiscal Year

	State General Fund
FY 2014	\$ -34,000
FY 2015	-27,000
FY 2016	-22,000
FY 2017	-18,000
FY 2018	-14,000

Adding another set of double-exempt bonds may adversely affect entities within the state that already have authority to issue double-exempt bonds. The increased supply could lead to the need to increase the interest rate return for investors, driving up the cost of issuing bonds.

Sources

Iowa Finance Authority
Department of Revenue
LSA Analysis & Calculations

/s/ Holly M. Lyons

March 26, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



HF 99 – Physical Therapy Co-Pay (LSB 1753HH)

Analyst: Dwayne Ferguson (Phone: (515) 281-6561) (dwayne.ferguson@legis.iowa.gov)

Fiscal Note Version – New

Description

House File 99 provides that insurance copayments or coinsurance amounts paid by an insured for services provided by a physical therapist cannot be greater than the copayment or coinsurance amount imposed on the insured for services rendered by a physician or other medical provider for the same or similar diagnosed condition. This Bill applies to specified individual and group policies, contracts, and plans that are issued for delivery, continued, or renewed in this state on or after July 1, 2013.

Background

State agencies and regents universities have self-funded health insurance programs.

Assumptions

- The copayments for state plans and for the University of Northern Iowa and Iowa State University are the same for physical therapy services as other services.
- The University of Iowa has higher copayments for physical therapy services than other medical services.
- The University of Iowa projects claims of \$1.5 million in FY 2014 and \$1.6 million in FY 2015 for physical therapy services. Claim costs will increase by 6.5% if physical therapy copays are reduced to match other copays.

Fiscal Impact

This change does not affect most of state government. The University of Iowa will experience increased claims payments by an estimated \$100,000 in FY 2014 and \$107,000 in FY 2015. Funding for the University of Iowa comes from a variety of sources, including General Fund appropriations, grants, tuition, fees charged by enterprises, and other sources.

Sources

Insurance Division, Department of Commerce
Department of Administrative Services
Board of Regents

/s/ Holly M. Lyons

March 26, 2013

The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



HF 221 – Military Retirement Pay Exemption (LSB 1471HV.1)
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.iowa.gov)
Fiscal Note Version – Revised

Description

House File 221 exempts federal retirement pay received by a resident for military service from the state individual income tax. The exemption is effective for tax years 2013 and after.

Assumptions

- 1) At the end of 2012, there were 12,818 military retirees living in Iowa and their combined taxable retirement income is estimated to be \$266.8 million.
- 2) The number of military retirees is assumed to increase 1.0% per year.
- 3) The average military retirement compensation is assumed to increase 1.7% to 2.4% per year.
- 4) Estimates are adjusted for the portion of military retirement benefits that are currently exempt through Iowa's pension exemption of \$6,000 (single) and \$12,000 (married). The military exemption will be in addition to any pension, individual retirement account, or 401(k) retirement income the retired military veteran may receive.
- 5) The average marginal tax rate for persons receiving pensions is 5.3% to 5.6%.
- 6) Statewide, the local option income surtax for schools tax equals 2.7% of state individual income tax revenue, net of refunds.

Fiscal Impact

The income tax exemption contained in HF 221 is projected to reduce state income taxes owed by Iowa taxpayers by \$9.5 million in tax year 2013 (\$900,000 decrease to the General Fund for FY 2013) and grow due to cost of living increases and changes in the number of taxpayers benefited to \$10.7 million by tax year 2017. The state General Fund and local option income surtax impacts, by fiscal year, are provided in the following table.

Summary of Fiscal Impacts

Dollars in millions

	State General Fund Impact	Local Option Income Surtax Impact
FY 2013	\$ -0.9	\$ 0.0
FY 2014	-12.7	-0.3
FY 2015	-10.0	-0.3
FY 2016	-10.3	-0.3
FY 2017	-10.7	-0.3

The military retirement tax exemption reduces taxable income and also reduces the amount of surtax raised by any school district that has a local option income surtax. Statewide, that impact is 2.7% of State individual income tax revenue, or \$24,000 in FY 2013, growing to an estimated \$289,000 in FY 2017 and after.

Source

Department of Revenue

/s/ Holly M. Lyons

March 26, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
